

Summary of 2003 Retirement Legislation

- **HB 2023 – Unpaid Contributions. Now under Arizona Revised Statute Chapter 132.**
 - Provides a member with 90 days to make payments after being notified that the employer has paid. If the member does not pay within 90 days, the member is responsible for accrued interest from that date.
 - Provides an employer with 90 days to make payments after being notified of the amount due. If the employer does not pay within 90 days, the employer is responsible for any accrued interest until the amount is paid in full.
 - Requires the person initiating the request to provide verification of past employment.
 - States that, beginning July 1, 2004, the employer is only responsible for making payments for service worked within 15 years of the date of the request.
 - Allows a member to purchase service that was worked prior to the 15-year limit as “other public service.” Provides a member until July 1, 2004 to purchase service worked prior to the 15-year limit under current procedures.
 - States that an ASRS determination of eligibility is appealable to the ASRS Board.
- **HB 2024 – Service Purchase Calculation. ARS Chapter 164.**
 - Defines “current annual compensation” used in calculating the cost of purchasing service credit as the greater of:
 - The sum of the 12 months of compensation prior to the request.
 - The sum of the 36 months of compensation prior to the request, divided by three.
 - If the member has retired from an ASRS employer, the average monthly compensation used to calculate the member's last pension, times 12.
 - The annualized compensation of the full pay period prior to the request.
 - The annualized compensation of the partial year prior to the request, if the member has less than 12 months of service.
 - Requires the ASRS to recalculate the cost of military service purchased by members (active, retired, or deceased) prior to July 20, 1996, and refund any amounts, plus interest.
 - Requires the ASRS to publish a notice of possible refund in 4 quarterly newsletters and 2 annual statements.
- **HB 2349 – Rural Health Insurance Subsidy. ARS Chapter 247.**
 - Extends the rural health insurance subsidy for two-years.
 - Establishes minimum out-of-pocket premium costs for health coverage in order to be eligible for the rural subsidy.
 - Requires that the rural subsidy can only be applied to medical insurance premiums.
 - Provides that the family-rate rural subsidy is only available if the retiree has family medical coverage.
 - Requires the ASRS to provide a report to the Legislature on accessibility and affordability of health insurance coverage for retirees.
 - Appropriates \$183,000 from the ASRS administration account to the ASRS for implementation costs.
- **HB 2455 – Modified DROP. ARS Chapter 196**

- Provides for technical changes to the Modified DROP program.
- **Senate Bill 1037 – Health Insurance Subsidy for Surviving Spouses. ARS Chapter 171.**
- Provides a retiring member who selects a joint and survivor or period certain annuity the ability to select an optional health insurance subsidy that continues to the contingent annuitant after the member's death.
- Appropriates \$537,000 from the ASRS administration account to the ASRS for implementation costs.
- **SB 1224 – Supplemental Defined Contribution Plan procedures. ARS Chapter 250.**
- Makes changes to the supplemental defined contribution plan in order to conform to IRS requirements.
- Requires an employee to make an election to participate in the Plan within two years after the employee first becomes eligible to participate in the Plan.
- States that an election to participate in the Plan is irrevocable and continues for the remainder of employment.
- Allows the employer to annually increase or decrease the employee contributions in increments of one per cent up to the maximum allowed by law OR requires the employee to make one-time irrevocable elections of the employee's contribution amount.
- Clarifies the procedures for employer matching contributions.
- **SB 1225 – Investment Management Requirement. ARS Chapter 63.**
- Amends A.R.S. 38-718 to correct for the change in name of the organization responsible for awarding the chartered financial analyst designation from "institute of chartered financial analysts" to the "Association for Investment Management and Research."